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TAGS: PGOV PINR KDEM SOCI RS  
SUBJECT: VOLGOGRAD: BUSINESS GROUPS CONTEST CITY DUMA  
ELECTIONS AS REGIONAL ADMINISTRATION GETS OUT THE VOTE FOR  
MEDVEDEV

REF: 07 MOSCOW 4708

Classified By: Pol M/C Alice G. Wells. Reasons: 1.4 (b,d).

¶1. (C) Summary: Conversations with politicians and interested observers during a February 19 - 20 visit to Volgograd suggested little interest in the March 2 presidential elections, except among those charged with ensuring a high turnout. According to the Chairman of the Regional Election Commission, liberal use will be made of the mobile ballot box and lists will be pruned of duplicate names and "dead souls" in an effort to ensure that the Region's tallies on March 2 match those elsewhere in Russia.

Long-serving Governor Maksyuta, locals report, was largely ignored by heir-apparent Dmitriy Medvedev during the latter's February 1 visit, fueling rumors that the Governor's term will not be renewed when it ends in 2009. Apathy about the presidential election was contrasted by great interest, at least among those running, in the City Duma elections, where 275 candidates are competing for 48 slots, and large numbers of candidates have been de-registered, then re-instated by the courts. Party allegiances seem to mean less than business alliances for those involved. As predicted, Communist Party-elected Mayor Grebennikov has joined United Russia and, if rumors are correct, seems to be avidly pursuing his business interests which, it is rumored, include licensing construction in parks and the sedimentarily unstable Volga floodplains. End summary.

#### Little Interest in Presidential Election

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¶2. (C) The only people interested in the presidential elections during our February 19 - 20 visit to Volgograd were Chairman of the Regional Election Commission (REC) Gennadiy Shaikhullin and employees of the Regional Administration. Shaikhullin described to us preparations for the elections that included a thorough scrub of the voting lists. The purge of duplicate entries and "dead souls" currently underway would ultimately reduce the roles in the region by five - ten percent from their December total of 1,968,782, he thought.

¶3. (C) In preparation for the elections Shaikhullin, who has been on the REC since 1999, conducted training for domestic election observers and, on February 17 sponsored a "Day of the Young Voter" in an effort to interest the young in the political process. Shaikhullin's office had accredited 1,618 KPRF observers --one for each polling place-- for the March 2 contests. United Russia would also have one hundred percent coverage, while Zhirinovskiy's LDPR had registered 1,523 observers, and For A Just Russia was fielding 1,379.

Election Commissioner's Prediction

¶ 14. (C) Shaikhullin predicted that 64 percent of the voters would go to the polls on March 2. (58 percent had voted in Volgograd Region on December 2, and 52.5 percent had gone to the Region's polls in the 2004 presidential elections.) His forecasted outcome was 60 - 70 percent for Medvedev, 17 - 18 percent for Zyuganov, and 10 - 12 percent for Zhirinovskiy. The KPRF had garnered 15 percent of the vote in the Duma elections but Shaikhullin, while refusing to talk of a protest vote, predicted more for the party this time around.

#### Getting Out the Vote

¶ 15. (C) The REC in December had not set up polling places in the Region's train stations, but would be doing so this time around in an effort to get out the vote, Shaikhullin said. As of February 15, 2,743 absentee ballots had been issued of the 25 thousand maximum allowed to the Region. Shaikhullin also described an effort to ensure that those confined to hospital or home on voting day would be able to vote, and he guessed that as many as 3.5 percent of the votes could be cast at mobile polling places. Mobile polling teams would also make their way to the Region's factories many of whose workers, Shaikhullin said, would be working 24-hour shifts on election day and, hence, would otherwise be unable to vote.

¶ 16. (C) In a February 20 conversation, a visibly dismayed head of the Regional Administration's Department for International and Inter-regional Affairs Pavel Pavlovich told us that the Governor's office had that day set a voter turnout goal of 85 percent. In the December 2 elections, Pavlovich said, he had been made responsible for voter turnout in three of the Region's villages and had dutifully gone door-to-door with

the voting urn. Meeting an 85 percent target this time around would mean canvassing districts in the region's less malleable cities or "using other techniques." Asked if the authorities were had a number in mind for Medvedev, Pavlovich replied that he expected that most of the region's electorate would vote for Putin's successor.

#### Governor on the Way Out?

¶ 17. (C) Nikolay Maksyuta has been Governor of Volgograd Region since December 1996, and his current, third term is scheduled to end December 2009. The February 1 visit to Volgograd by Putin successor Dmitriy Medvedev triggered much speculation in the local press that Maksyuta would not be re-appointed by the new administration. Regional Administration employees confirmed media accounts that Maksyuta had not had a separate, sit down meeting with Medvedev, and the heir apparent said nothing about the Governor, positive or negative, during his public appearances in the city.

¶ 18. (C) Unlike other regions we have visited, in extended conversations about the region's political and economic life the governor's name was not mentioned, unless we asked. A local journalist and members of the regional administration guessed that the Governor wanted to be appointed for a fourth term --he is now sixty years old-- but thought that Maksyuta's inability to exert meaningful control over the city of Volgograd and his continued membership in the Communist Party (KPRF) were liabilities. (Maksyuta, according to KPRF Regional Deputy Nina Salina, does not advertise his KPRF membership for fear of problems with the ruling, Kremlin-sponsored United Russia party.) Maksyuta's delicate relationship with United Russia meant that neither his name nor face figured on posters around town urging votes for the party's candidates in the City Council, regional, and presidential elections, all scheduled for March 2.

¶ 19. (C) Director of the Volgograd Office of the national daily *Kommersant* Dmitriy Grushevskiy described Maksyuta as a "weak leader" of a different generation, and "with no sympathy for United Russia." "It's sad to watch (Maksyuta) deal with

those city slickers," Grushevskiy said. (Maksyuta is a communist Horatio Alger. He was born in a village in Ukraine, and after graduating from the Nikolaev Shipbuilding Institute, was sent to the Volgograd Shipbuilding Factory, where, over the next seventeen years, he worked his way up the ladder from welder to the position of Director. In 1995, he was elected to the Volgograd City Council.)

#### Mayor Much in the News

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¶ 10. (C) The almost complete silence about Maksyuta was in stark contrast to interlocutors' volubility about 32-year old Volgograd Mayor Roman Grebennikov. Grebennikov had come to office May 2007 (reftel) in a by-election occasioned by the jailing of predecessor Yevgeniy Ishchenko. (Ishchenko was eventually convicted of illegal possession of munitions and illegal business activity. He was banned from public office for four years and sentenced to one year in jail.) As predicted, Grebennikov traded his Communist Party membership once elected for United Russia. In a February 20 conversation, Salina insisted to us that Grebennikov remained a member of her KPRF, but signs throughout town asked voters to join the Mayor in keeping United Russia number one in the March 2 elections. Salina portrayed Grebennikov as a wayward son. The Party had called him in many times for counseling but, she sighed wearily, he was too infatuated with being mayor. She hoped that would pass. The Party had provided him with the tools necessary to get where he was, and he owed it a debt of gratitude.

¶ 11. (C) Virtually everyone else we spoke to were as critical, but less charitable about Grebennikov. Grushevskiy described him as a "lawyer, with no managerial talent," and said Grebennikov had surrounded himself with a lackluster team. Just Russia Regional Deputy Natalya Latyshevskaya echoed Grushevskiy; Grebennikov was not a manager. He was, she grudgingly admitted, a politician; expert at self-promotion. Taxi drivers we talked to agreed that since Grebennikov came to power, "the streets never get cleaned." Grushevskiy and Latyshevskaya hinted broadly that Grebennikov and his team were corrupt. They, and "Volga Region Business" newspaper Editor Anna Stepnova described a history of mayors using their offices to advance their, and their cronies', financial interests. Ishchenko had been preceded in office by Yuriy Chekhov who had, according to Grushevskiy, "privatized much of the city center" during his term of office. Among his acquisitions was the Hotel "Volgograd." Center for Civic Education President Inna Prikhozhan alleged that Chekhov had

acquired "57 enterprises" when Mayor. Since leaving politics, Chekhov had jealously guarded his acquisitions. An effort by his successor, Ishchenko, to use the powers of the mayoralty to make inroads on Chekhov's empire had contributed to Ishchenko's legal problems, Grushevskiy said, and Ishchenko himself had feathered his nest.

¶ 12. (C) Grebennikov had used his relatively brief time in office, according to Stepnova and Prikhozhan, to pursue the easy ruble via licensing questionable real estate developments. He and his predecessor Roman Kherianov, who had been acting mayor after Ishchenko's arrest, were licensing the building of high rises in floodplains along the Volga. The developers were building, then selling the properties to others, who would be left to deal with the consequences as the soil settled. Building in the city's riverside parks was also being allowed. Poloff was shown one high-rise that appeared to be erected within the bounds of one such park. The building "boom" had spun so far out of control, according to Stepnova and Prikhozhan, that during his February 1 visit, Medvedev had announced that the city's park, cemetery, and memorial complex Mamaev Kurgan would be administered by the Federal government. A gas station, restaurant, and the beginnings of a ski jump had been built on the territory of the complex with the assent of Grebennikov and his predecessors. Another opportunistic building project shown Poloff featured a high-rise wedged

between two existing buildings in order to allow the new building to, more cheaply be connected to the existing water, gas, and electricity mains. Construction had caused structural damage to the older buildings.

¶13. (C) A number of contacts alleged a shadowy relationship between newly-elected Just Russia State Duma Deputy Oleg Mikheev, and Kherianov. In a February 13 conversation, Mikheev told us he had had the lead in the May by-election for Mayor won by Grebennikov, but had been "forced" to withdraw. Latyshevskaya confirmed Mikheev's account and alleged his business interests had suffered as a result of his insistence on staying in the race after he had been told to leave. Mikheev is the owner of "Diamant," which, among others things has a chain of construction material stores in the Volgograd Region.) She was less forthcoming on the circumstances that led to Mikheev becoming a Duma Deputy. Since the mayoral campaign, a rebounding Mikheev has joined Kherianov in form an organization "Presidential Union" that is backing Medvedev's presidential bid in Volgograd. Kherianov, who was de-registered, then re-registered by decision of the regional court as a candidate in the City Council race is, some say, in league with other candidates to swing the balance of power from Mayor Grebennikov to the Council, which Kherianov hopes to chair if elected.

#### The City Council Elections and The Mayor

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¶14. (C) Unlike the lackluster presidential campaign, the City Council contest is hotly contested. More than 300 Volgograders threw their hats into the ring at the beginning of the race. Attrition in different forms has trimmed that to 275 candidates contesting for the 48 slots on the Council.

(Only ten percent of the 48 will be full-time, paid positions. The Council currently meets once a month.) Of the 46 candidates originally nominated by United Russia, 39 remain. The KPRF's initial 36 has been reduced to 21, and Just Russia's 39 has fallen to 26. Just Russia appears to have experience the most turbulence. Twenty candidates on its initial list, including former acting mayor Roman Kherianov, were struck by the City Electoral Commission (CEC). The CEC's decisions were uniformly upheld by the city court, then largely overturned by a regional court. Also excluded, have been a number of non-party businessman, including Natalya Klyuchevskaya, owner of "MANN," one of the largest retail chains in Volgograd. The race has featured as well the initiation of at least one criminal case, against would-be LDPR Deputy Dmitriy Krylov, who has been accused of using airtime owned by his television company "Eros" to promote his candidacy before the official beginning of the campaign.

¶15. (C) United Russia has endured turmoil of its own, with the Party's Political Council removing candidates Sergey Ananskikh and Lev Grigorev from the race for "ineffective election campaign efforts." Aiding Grigorev's ouster were charges that he had failed to pay taxes amounting to about one million rubles. Other United Russia candidates have withdrawn, ostensibly of their own volition.

¶16. (C) Behind the turmoil in the ranks of both United Russia and Just Russia is, according to observers, Grebennikov's

insistence on having his own United Russia/Just Russia team in the new City Council. Some in Volgograd, who are used to the rough-and-tumble of regional politics, describe the sometimes ugly process of consolidation as "natural," while others see in it a collision of competing, shadowy business interests. All agree that party affiliation is of less importance in this race than business and clan allegiances. They note the large number of businessman attempting to win election as indirect proof that there is much money to be made, or business interests that can best be furthered from a deputy's perch. Others ascribe the heightened interest in a City Council seat to the more intensive appearance on the scene of Moscow business interests, that need to be fought

with all means available. Still others suggest that a less welcoming business climate has caused some to seek refuge or protection in government.

¶17. (C) Prikhozhan, who has studied the workings of the City Council closely as both a political scientist and member of the Regional Public Chamber, ascribed the interest to the "big role the Council will play in shaping the city's substantial budget." Also within their grasp would be subsidies that come from the Region. Others, like Stepnova, have focused on the amount of money to be made via the city's housing sector. Two attempts to auction the right to administer housing utilities (water, gas, electricity, etc.) have been contested by the losers. Stepnova contends that Grebennikov attempted to manipulate the last auction in which, she says, two of the bidding companies represented the interests of businessman Viktor Vekselberg and the Volgograd-based Lukoil. The two interests, in her telling, united but then came into conflict with a company with links to Mikhail Fridman. With up to seventy percent of the utilities infrastructure in Volgograd in immediate need of replacement, the amount of Federal money in the hands of winner would be substantial, Stepnova thought.

¶18. (C) By Prikhozhan's count there were "two or three businessmen candidates" in each district, and she expected that the complexion of the Council, which is currently dominated by "doctors and teachers," would change radically. The new crop of deputies, in Prikhozhan's pessimistic assessment, would practice "slash and burn" politics at the expense of the interests of the whole city. Whatever the reason or reasons, much of the city is festooned with the campaign posters of the 275 competing candidates. In the two days that Poloff was in Volgograd, he noticed many defaced posters, suggesting an interest in the campaign, if only on the part of the candidate's opponent.

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